

1 AN ACT concerning public employee benefits.

2 **Be it enacted by the People of the State of Illinois,**  
3 **represented in the General Assembly:**

4 Section 5. The Illinois Pension Code is amended by changing  
5 Sections 22-101 and 22-103 as follows:

6 (40 ILCS 5/22-101) (from Ch. 108 1/2, par. 22-101)

7 Sec. 22-101. Retirement Plan for Chicago Transit Authority  
8 Employees.

9 (a) There shall be established and maintained by the  
10 Authority created by the "Metropolitan Transit Authority Act",  
11 approved April 12, 1945, as amended, (referred to in this  
12 Section as the "Authority") a financially sound pension and  
13 retirement system adequate to provide for all payments when due  
14 under such established system or as modified from time to time  
15 by ordinance of the Chicago Transit Board or collective  
16 bargaining agreement. For this purpose, the Board must make  
17 contributions to the established system as required under this  
18 Section and may make any additional contributions provided for  
19 by Board ordinance or collective bargaining agreement. The  
20 participating employees shall make such periodic payments to  
21 the established system as required under this Section and may  
22 make any additional contributions provided for by Board  
23 ordinance or collective bargaining agreement.

1 Provisions shall be made by the Board for all officers and  
2 employees of the Authority appointed pursuant to the  
3 "Metropolitan Transit Authority Act" to become, subject to  
4 reasonable rules and regulations, participants of the pension  
5 or retirement system with uniform rights, privileges,  
6 obligations and status as to the class in which such officers  
7 and employees belong. The terms, conditions and provisions of  
8 any pension or retirement system or of any amendment or  
9 modification thereof affecting employees who are members of any  
10 labor organization may be established, amended or modified by  
11 agreement with such labor organization, provided the terms,  
12 conditions and provisions must be consistent with this Act, the  
13 annual funding levels for the retirement system established by  
14 law must be met and the benefits paid to future participants in  
15 the system may not exceed the benefit ceilings set for future  
16 participants under this Act and the contribution levels  
17 required by the Authority and its employees may not be less  
18 than the contribution levels established under this Act.

19 (b) The Board of Trustees shall consist of 11 members  
20 appointed as follows: (i) 5 trustees shall be appointed by the  
21 Chicago Transit Board; (ii) 3 trustees shall be appointed by an  
22 organization representing the highest number of Chicago  
23 Transit Authority participants; (iii) one trustee shall be  
24 appointed by an organization representing the second-highest  
25 number of Chicago Transit Authority participants; (iv) one  
26 trustee shall be appointed by the recognized coalition

1 representatives of participants who are not represented by an  
2 organization with the highest or second-highest number of  
3 Chicago Transit Authority participants; and (v) one trustee  
4 shall be selected by the Regional Transportation Authority  
5 Board of Directors, and the trustee shall be a professional  
6 fiduciary who has experience in the area of collectively  
7 bargained pension plans. Trustees shall serve until a successor  
8 has been appointed and qualified, or until resignation, death,  
9 incapacity, or disqualification.

10 Any person appointed as a trustee of the board shall  
11 qualify by taking an oath of office that he or she will  
12 diligently and honestly administer the affairs of the system  
13 and will not knowingly violate or willfully permit the  
14 violation of any of the provisions of law applicable to the  
15 Plan, including Sections 1-109, 1-109.1, 1-109.2, 1-110,  
16 1-111, 1-114, and 1-115 of the Illinois Pension Code.

17 Each trustee shall cast individual votes, and a majority  
18 vote shall be final and binding upon all interested parties,  
19 provided that the Board of Trustees may require a supermajority  
20 vote with respect to the investment of the assets of the  
21 Retirement Plan, and may set forth that requirement in the  
22 Retirement Plan documents, by-laws, or rules of the Board of  
23 Trustees. Each trustee shall have the rights, privileges,  
24 authority, and obligations as are usual and customary for such  
25 fiduciaries.

26 The Board of Trustees may cause amounts on deposit in the

1 Retirement Plan to be invested in those investments that are  
2 permitted investments for the investment of moneys held under  
3 any one or more of the pension or retirement systems of the  
4 State, any unit of local government or school district, or any  
5 agency or instrumentality thereof. The Board, by a vote of at  
6 least two-thirds of the trustees, may transfer investment  
7 management to the Illinois State Board of Investment, which is  
8 hereby authorized to manage these investments when so requested  
9 by the Board of Trustees.

10 (c) All individuals who were previously participants in the  
11 Retirement Plan for Chicago Transit Authority Employees shall  
12 remain participants, and shall receive the same benefits  
13 established by the Retirement Plan for Chicago Transit  
14 Authority Employees, except as provided in this amendatory Act  
15 or by subsequent legislative enactment or amendment to the  
16 Retirement Plan. For Authority employees hired on or after the  
17 effective date of this amendatory Act of the 95th General  
18 Assembly, the Retirement Plan for Chicago Transit Authority  
19 Employees shall be the exclusive retirement plan and such  
20 employees shall not be eligible for any supplemental plan,  
21 except for a deferred compensation plan funded only by employee  
22 contributions.

23 For all Authority employees who are first hired on or after  
24 the effective date of this amendatory Act of the 95th General  
25 Assembly and are participants in the Retirement Plan for  
26 Chicago Transit Authority Employees, the following terms,

1 conditions and provisions with respect to retirement shall be  
2 applicable:

3 (1) Such participant shall be eligible for an unreduced  
4 retirement allowance for life upon the attainment of age 64  
5 with 25 years of continuous service.

6 (2) Such participant shall be eligible for a reduced  
7 retirement allowance for life upon the attainment of age 55  
8 with 10 years of continuous service.

9 (3) For the purpose of determining the retirement  
10 allowance to be paid to a retiring employee, the term  
11 "Continuous Service" as used in the Retirement Plan for  
12 Chicago Transit Authority Employees shall also be deemed to  
13 include all pension credit for service with any retirement  
14 system established under Article 8 or Article 11 of this  
15 Code, provided that the employee forfeits and relinquishes  
16 all pension credit under Article 8 or Article 11 of this  
17 Code, and the contribution required under this subsection  
18 is made by the employee. The Retirement Plan's actuary  
19 shall determine the contribution paid by the employee as an  
20 amount equal to the normal cost of the benefit accrued, had  
21 the service been rendered as an employee, plus interest per  
22 annum from the time such service was rendered until the  
23 date the payment is made.

24 (d) From the effective date of this amendatory Act through  
25 December 31, 2008, all participating employees shall  
26 contribute to the Retirement Plan in an amount not less than 6%

1 of compensation, and the Authority shall contribute to the  
2 Retirement Plan in an amount not less than 12% of compensation.

3 (e)(1) Beginning January 1, 2009 the Authority shall make  
4 contributions to the Retirement Plan in an amount equal to  
5 twelve percent (12%) of compensation and participating  
6 employees shall make contributions to the Retirement Plan in an  
7 amount equal to six percent (6%) of compensation. These  
8 contributions may be paid by the Authority and participating  
9 employees on a payroll or other periodic basis, but shall in  
10 any case be paid to the Retirement Plan at least monthly.

11 (2) For the period ending December 31, 2040, the amount  
12 paid by the Authority in any year with respect to debt service  
13 on bonds issued for the purposes of funding a contribution to  
14 the Retirement Plan under Section 12c of the Metropolitan  
15 Transit Authority Act, other than debt service paid with the  
16 proceeds of bonds or notes issued by the Authority for any year  
17 after calendar year 2008, shall be treated as a credit against  
18 the amount of required contribution to the Retirement Plan by  
19 the Authority under subsection (e)(1) for the following year up  
20 to an amount not to exceed 6% of compensation paid by the  
21 Authority in that following year.

22 (3) By September 15 of each year beginning in 2009 and  
23 ending on December 31, 2039, on the basis of a report prepared  
24 by an enrolled actuary retained by the Plan, the Board of  
25 Trustees of the Retirement Plan shall determine the estimated  
26 funded ratio of the total assets of the Retirement Plan to its

1 total actuarially determined liabilities. A report containing  
2 that determination and the actuarial assumptions on which it is  
3 based shall be filed with the Authority, the representatives of  
4 its participating employees, the Auditor General of the State  
5 of Illinois, and the Regional Transportation Authority. If the  
6 funded ratio is projected to decline below 60% in any year  
7 before 2040, the Board of Trustees shall also determine the  
8 increased contribution required each year as a level percentage  
9 of payroll over the years remaining until 2040 using the  
10 projected unit credit actuarial cost method so the funded ratio  
11 does not decline below 60% and include that determination in  
12 its report. If the actual funded ratio declines below 60% in  
13 any year prior to 2040, the Board of Trustees shall also  
14 determine the increased contribution required each year as a  
15 level percentage of payroll during the years after the then  
16 current year using the projected unit credit actuarial cost  
17 method so the funded ratio is projected to reach at least 60%  
18 no later than 10 years after the then current year and include  
19 that determination in its report. Within 60 days after  
20 receiving the report, the Auditor General shall review the  
21 determination and the assumptions on which it is based, and if  
22 he finds that the determination and the assumptions on which it  
23 is based are unreasonable in the aggregate, he shall issue a  
24 new determination of the funded ratio, the assumptions on which  
25 it is based and the increased contribution required each year  
26 as a level percentage of payroll over the years remaining until

1 2040 using the projected unit credit actuarial cost method so  
2 the funded ratio does not decline below 60%, or, in the event  
3 of an actual decline below 60%, so the funded ratio is  
4 projected to reach 60% by no later than 10 years after the then  
5 current year. If the Board of Trustees or the Auditor General  
6 determine that an increased contribution is required to meet  
7 the funded ratio required by the subsection, effective January  
8 1 following the determination or 30 days after such  
9 determination, whichever is later, one-third of the increased  
10 contribution shall be paid by participating employees and  
11 two-thirds by the Authority, in addition to the contributions  
12 required by this subsection (1).

13 (4) For the period beginning 2040, the minimum contribution  
14 to the Retirement Plan for each fiscal year shall be an amount  
15 determined by the Board of Trustees of the Retirement Plan to  
16 be sufficient to bring the total assets of the Retirement Plan  
17 up to 90% of its total actuarial liabilities by the end of  
18 2059. Participating employees shall be responsible for  
19 one-third of the required contribution and the Authority shall  
20 be responsible for two-thirds of the required contribution. In  
21 making these determinations, the Board of Trustees shall  
22 calculate the required contribution each year as a level  
23 percentage of payroll over the years remaining to and including  
24 fiscal year 2059 using the projected unit credit actuarial cost  
25 method. A report containing that determination and the  
26 actuarial assumptions on which it is based shall be filed by

1 September 15 of each year with the Authority, the  
2 representatives of its participating employees, the Auditor  
3 General of the State of Illinois and the Regional  
4 Transportation Authority. If the funded ratio is projected to  
5 fail to reach 90% by December 31, 2059, the Board of Trustees  
6 shall also determine the increased contribution required each  
7 year as a level percentage of payroll over the years remaining  
8 until December 31, 2059 using the projected unit credit  
9 actuarial cost method so the funded ratio will meet 90% by  
10 December 31, 2059 and include that determination in its report.  
11 Within 60 days after receiving the report, the Auditor General  
12 shall review the determination and the assumptions on which it  
13 is based and if he finds that the determination and the  
14 assumptions on which it is based are unreasonable in the  
15 aggregate, he shall issue a new determination of the funded  
16 ratio, the assumptions on which it is based and the increased  
17 contribution required each year as a level percentage of  
18 payroll over the years remaining until December 31, 2059 using  
19 the projected unit credit actuarial cost method so the funded  
20 ratio reaches no less than 90% by December 31, 2059. If the  
21 Board of Trustees or the Auditor General determine that an  
22 increased contribution is required to meet the funded ratio  
23 required by this subsection, effective January 1 following the  
24 determination or 30 days after such determination, whichever is  
25 later, one-third of the increased contribution shall be paid by  
26 participating employees and two-thirds by the Authority, in

1 addition to the contributions required by subsection (e) (1).

2 (5) Beginning in 2060, the minimum contribution for each  
3 year shall be the amount needed to maintain the total assets of  
4 the Retirement Plan at 90% of the total actuarial liabilities  
5 of the Plan, and the contribution shall be funded two-thirds by  
6 the Authority and one-third by the participating employees in  
7 accordance with this subsection.

8 (f) The Authority shall take the steps necessary to comply  
9 with Section 414(h) (2) of the Internal Revenue Code of 1986, as  
10 amended, to permit the pick-up of employee contributions under  
11 subsections (d) and (e) on a tax-deferred basis.

12 (g) The Board of Trustees shall certify to the Governor,  
13 the General Assembly, the Auditor General, the Board of the  
14 Regional Transportation Authority, and the Authority at least  
15 90 days prior to the end of each fiscal year the amount of the  
16 required contributions to the retirement system for the next  
17 retirement system fiscal year under this Section. The  
18 certification shall include a copy of the actuarial  
19 recommendations upon which it is based. In addition, copies of  
20 the certification shall be sent to the Commission on Government  
21 Forecasting and Accountability and the Mayor of Chicago.

22 (h) (1) As to an employee who first becomes entitled to a  
23 retirement allowance commencing on or after November 30, 1989,  
24 the retirement allowance shall be the amount determined in  
25 accordance with the following formula:

26 (A) One percent (1%) of his "Average Annual

1 Compensation in the highest four (4) completed Plan Years"  
2 for each full year of continuous service from the date of  
3 original employment to the effective date of the Plan; plus

4 (B) One and seventy-five hundredths percent (1.75%) of  
5 his "Average Annual Compensation in the highest four (4)  
6 completed Plan Years" for each year (including fractions  
7 thereof to completed calendar months) of continuous  
8 service as provided for in the Retirement Plan for Chicago  
9 Transit Authority Employees.

10 Provided, however that:

11 (2) As to an employee who first becomes entitled to a  
12 retirement allowance commencing on or after January 1, 1993,  
13 the retirement allowance shall be the amount determined in  
14 accordance with the following formula:

15 (A) One percent (1%) of his "Average Annual  
16 Compensation in the highest four (4) completed Plan Years"  
17 for each full year of continuous service from the date of  
18 original employment to the effective date of the Plan; plus

19 (B) One and eighty hundredths percent (1.80%) of his  
20 "Average Annual Compensation in the highest four (4)  
21 completed Plan Years" for each year (including fractions  
22 thereof to completed calendar months) of continuous  
23 service as provided for in the Retirement Plan for Chicago  
24 Transit Authority Employees.

25 Provided, however that:

26 (3) As to an employee who first becomes entitled to a

1 retirement allowance commencing on or after January 1, 1994,  
2 the retirement allowance shall be the amount determined in  
3 accordance with the following formula:

4 (A) One percent (1%) of his "Average Annual  
5 Compensation in the highest four (4) completed Plan Years"  
6 for each full year of continuous service from the date of  
7 original employment to the effective date of the Plan; plus

8 (B) One and eighty-five hundredths percent (1.85%) of  
9 his "Average Annual Compensation in the highest four (4)  
10 completed Plan Years" for each year (including fractions  
11 thereof to completed calendar months) of continuous  
12 service as provided for in the Retirement Plan for Chicago  
13 Transit Authority Employees.

14 Provided, however that:

15 (4) As to an employee who first becomes entitled to a  
16 retirement allowance commencing on or after January 1, 2000,  
17 the retirement allowance shall be the amount determined in  
18 accordance with the following formula:

19 (A) One percent (1%) of his "Average Annual  
20 Compensation in the highest four (4) completed Plan Years"  
21 for each full year of continuous service from the date of  
22 original employment to the effective date of the Plan; plus

23 (B) Two percent (2%) of his "Average Annual  
24 Compensation in the highest four (4) completed Plan Years"  
25 for each year (including fractions thereof to completed  
26 calendar months) of continuous service as provided for in

1 the Retirement Plan for Chicago Transit Authority  
2 Employees.

3 Provided, however that:

4 (5) As to an employee who first becomes entitled to a  
5 retirement allowance commencing on or after January 1, 2001,  
6 the retirement allowance shall be the amount determined in  
7 accordance with the following formula:

8 (A) One percent (1%) of his "Average Annual  
9 Compensation in the highest four (4) completed Plan Years"  
10 for each full year of continuous service from the date of  
11 original employment to the effective date of the Plan; plus

12 (B) Two and fifteen hundredths percent (2.15%) of his  
13 "Average Annual Compensation in the highest four (4)  
14 completed Plan Years" for each year (including fractions  
15 thereof to completed calendar months) of continuous  
16 service as provided for in the Retirement Plan for Chicago  
17 Transit Authority Employees.

18 The changes made by this amendatory Act of the 95th General  
19 Assembly, to the extent that they affect the rights or  
20 privileges of Authority employees that are currently the  
21 subject of collective bargaining, have been agreed to between  
22 the authorized representatives of these employees and of the  
23 Authority prior to enactment of this amendatory Act, as  
24 evidenced by a Memorandum of Understanding between these  
25 representatives that will be filed with the Secretary of State  
26 Index Department and designated as "95-GA-C05". The General

1 Assembly finds and declares that those changes are consistent  
2 with 49 U.S.C. 5333(b) (also known as Section 13(c) of the  
3 Federal Transit Act) because of this agreement between  
4 authorized representatives of these employees and of the  
5 Authority, and that any future amendments to the provisions of  
6 this amendatory Act of the 95th General Assembly, to the extent  
7 those amendments would affect the rights and privileges of  
8 Authority employees that are currently the subject of  
9 collective bargaining, would be consistent with 49 U.S.C.  
10 5333(b) if and only if those amendments were agreed to between  
11 these authorized representatives prior to enactment.

12 (i) Early retirement incentive plan; funded ratio.

13 (1) Beginning on the effective date of this Section, no  
14 early retirement incentive shall be offered to  
15 participants of the Plan unless the Funded Ratio of the  
16 Plan is at least 80% or more.

17 (2) For the purposes of this Section, the Funded Ratio  
18 shall be the Adjusted Assets divided by the Actuarial  
19 Accrued Liability developed in accordance with Statement  
20 #25 promulgated by the Government Accounting Standards  
21 Board and the actuarial assumptions described in the Plan.  
22 The Adjusted Assets shall be calculated based on the  
23 methodology described in the Plan.

24 (j) Nothing in this amendatory Act of the 95th General  
25 Assembly shall impair the rights or privileges of Authority  
26 employees under any other law.

1       (k) Any individual who, on or after the effective date of  
2 this amendatory Act of the 97th General Assembly, first becomes  
3 a participant of the Retirement Plan shall not be paid any of  
4 the benefits provided under this Code if he or she is convicted  
5 of a felony relating to, arising out of, or in connection with  
6 his or her service as a participant.

7       This subsection (k) shall not operate to impair any  
8 contract or vested right acquired before the effective date of  
9 this amendatory Act of the 97th General Assembly under any law  
10 or laws continued in this Code, and it shall not preclude the  
11 right to refund.

12       (Source: P.A. 94-839, eff. 6-6-06; 95-708, eff. 1-18-08.)

13       (40 ILCS 5/22-103)

14       Sec. 22-103. Regional Transportation Authority and related  
15 pension plans.

16       (a) As used in this Section:

17       "Affected pension plan" means a defined-benefit pension  
18 plan supported in whole or in part by employer contributions  
19 and maintained by the Regional Transportation Authority, the  
20 Suburban Bus Division, or the Commuter Rail Division, or any  
21 combination thereof, under the general authority of the  
22 Regional Transportation Authority Act, including but not  
23 limited to any such plan that has been established under or is  
24 subject to a collective bargaining agreement or is limited to  
25 employees covered by a collective bargaining agreement.

1 "Affected pension plan" does not include any pension fund or  
2 retirement system subject to Section 22-101 of this Section.

3 "Authority" means the Regional Transportation Authority  
4 created under the Regional Transportation Authority Act.

5 "Contributing employer" means an employer that is required  
6 to make contributions to an affected pension plan under the  
7 terms of that plan.

8 "Funding ratio" means the ratio of an affected pension  
9 plan's assets to the present value of its actuarial  
10 liabilities, as determined at its latest actuarial valuation in  
11 accordance with applicable actuarial assumptions and  
12 recommendations.

13 "Under-funded pension plan" or "under-funded" means an  
14 affected pension plan that, at the time of its last actuarial  
15 valuation, has a funding ratio of less than 90%.

16 (b) The contributing employers of each affected pension  
17 plan have a general duty to make the required employer  
18 contributions to the affected pension plan in a timely manner  
19 in accordance with the terms of the plan. A contributing  
20 employer must make contributions to the affected pension plan  
21 as required under this subsection and, if applicable,  
22 subsection (c); a contributing employer may make any additional  
23 contributions provided for by the board of the employer or  
24 collective bargaining agreement.

25 (c) In the case of an affected pension plan that is  
26 under-funded on January 1, 2009 or becomes under-funded at any

1 time after that date, the contributing employers shall  
2 contribute to the affected pension plan, in addition to all  
3 amounts otherwise required, amounts sufficient to bring the  
4 funding ratio of the affected pension plan up to 90% in  
5 accordance with an amortization schedule adopted jointly by the  
6 contributing employers and the trustee of the affected pension  
7 plan. The amortization schedule may extend for any period up to  
8 a maximum of 50 years and shall provide for additional employer  
9 contributions in substantially equal annual amounts over the  
10 selected period. If the contributing employers and the trustee  
11 of the affected pension plan do not agree on an appropriate  
12 period for the amortization schedule within 6 months of the  
13 date of determination that the plan is under-funded, then the  
14 amortization schedule shall be based on a period of 50 years.

15 In the case of an affected pension plan that has more than  
16 one contributing employer, each contributing employer's share  
17 of the total additional employer contributions required under  
18 this subsection shall be determined: (i) in proportion to the  
19 amounts, if any, by which the respective contributing employers  
20 have failed to meet their contribution obligations under the  
21 terms of the affected pension plan; or (ii) if all of the  
22 contributing employers have met their contribution obligations  
23 under the terms of the affected pension plan, then in the same  
24 proportion as they are required to contribute under the terms  
25 of that plan. In the case of an affected pension plan that has  
26 only one contributing employer, that contributing employer is

1 responsible for all of the additional employer contributions  
2 required under this subsection.

3 If an under-funded pension plan is determined to have  
4 achieved a funding ratio of at least 90% during the period when  
5 an amortization schedule is in force under this Section, the  
6 contributing employers and the trustee of the affected pension  
7 plan, acting jointly, may cancel the amortization schedule and  
8 the contributing employers may cease making additional  
9 contributions under this subsection for as long as the affected  
10 pension plan retains a funding ratio of at least 90%.

11 (d) Beginning January 1, 2009, if the Authority fails to  
12 pay to an affected pension fund within 30 days after it is due  
13 (i) any employer contribution that it is required to make as a  
14 contributing employer, (ii) any additional employer  
15 contribution that it is required to pay under subsection (c),  
16 or (iii) any payment that it is required to make under Section  
17 4.02a or 4.02b of the Regional Transportation Authority Act,  
18 the trustee of the affected pension fund shall promptly so  
19 notify the Commission on Government Forecasting and  
20 Accountability, the Mayor of Chicago, the Governor, and the  
21 General Assembly.

22 (e) For purposes of determining employer contributions,  
23 assets, and actuarial liabilities under this subsection,  
24 contributions, assets, and liabilities relating to health care  
25 benefits shall not be included.

26 (f) This amendatory Act of the 94th General Assembly does

1 not affect or impair the right of any contributing employer or  
2 its employees to collectively bargain the amount or level of  
3 employee contributions to an affected pension plan, to the  
4 extent that the plan includes employees subject to collective  
5 bargaining.

6 (g) Any individual who, on or after the effective date of  
7 this amendatory Act of the 97th General Assembly, first becomes  
8 a participant of an affected pension plan shall not be paid any  
9 of the benefits provided under this Code if he or she is  
10 convicted of a felony relating to, arising out of, or in  
11 connection with his or her service as a participant.

12 This subsection shall not operate to impair any contract or  
13 vested right acquired before the effective date of this  
14 amendatory Act of the 97th General Assembly under any law or  
15 laws continued in this Code, and it shall not preclude the  
16 right to refund.

17 (Source: P.A. 94-839, eff. 6-6-06.)

18 Section 99. Effective date. This Act takes effect upon  
19 becoming law.